

BC real estate sales cool, but prices still expected to rise

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Homes sales in BC may be cooling off after hitting a record pace in recent years, but prices are expected to continue to rise for the next two years, according to a report released Tuesday.

The average residential price for an MLS listing in BC climbed 12 percent to \$438,975 in 2007 and is predicted to increase 9 percent to \$479,000 in 2008, followed by a modest 4 percent increase to \$499,000 in 2009, according to the British Columbia Real Estate Association's spring housing forecast.

But after years of under-supply and over-demand driving up prices at double-digit rates, the pace of home sales was down 14 percent in the first quarter of 2008, while active listings shot up 24 percent, according to the real estate association's chief economist, Cameron Muir.

"More balance between demand and supply means less upward pressure on home prices. It also reduces the chance of multiple bids on the same home, giving home buyers more time to investigate properties thoroughly before purchasing." Muir said.

Economic softness abroad and problems with home affordability are contributing to the slower trend, according to the report.

"While a weak US economy is negatively impacting the forest industry and tourism, the BC economy is forecast to grow 2.5 percent this year and 2.7 percent in 2009, a higher rate of growth than most other provinces." Muir said.

"Consumer spending, employment growth and net migration in the province are expected to remain robust and will continue to underpin housing demand through 2009."